

ADVANCED FIBREOPTIC ENGINEERING LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 30 JUNE 2020

ADVANCED FIBREOPTIC ENGINEERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Turnover		5,812,346	6,538,204
Cost of sales		(2,960,097)	(3,271,808)
Gross profit		2,852,249	3,266,396
Administrative expenses		(2,457,313)	(2,307,010)
Other operating income		137,697	-
Operating profit		532,633	959,386
Interest payable and expenses		(7,216)	(11,580)
Profit before tax		525,417	947,806
Tax on profit		(76,315)	(108,416)
Profit for the financial year		449,102	839,390

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 4 to 12 form part of these financial statements.

ADVANCED FIBREOPTIC ENGINEERING LIMITED
REGISTERED NUMBER: 05469396

BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	218,434	92,234
Tangible assets	5	619,428	708,584
		<hr/>	<hr/>
		837,862	800,818
Current assets			
Stocks	6	981,887	775,163
Debtors	7	1,336,750	1,533,907
Cash at bank and in hand	8	648,047	614,292
		<hr/>	<hr/>
		2,966,684	2,923,362
Creditors: amounts falling due within one year	9	(742,321)	(927,216)
		<hr/>	<hr/>
Net current assets		2,224,363	1,996,146
		<hr/>	<hr/>
Total assets less current liabilities		3,062,225	2,796,964
Provisions for liabilities			
Deferred tax	10	(126,793)	(117,882)
Other provisions	12	(207,509)	(207,509)
		<hr/>	<hr/>
		(334,302)	(325,391)
Net assets		<hr/>	<hr/>
		2,727,923	2,471,573
Capital and reserves			
Called up share capital		100,000	100,000
Profit and loss account		2,627,923	2,371,573
		<hr/>	<hr/>
		2,727,923	2,471,573
		<hr/>	<hr/>

ADVANCED FIBREOPTIC ENGINEERING LIMITED
REGISTERED NUMBER: 05469396

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 December 2020.

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N Martin

Director

The notes on pages 4 to 12 form part of these financial statements.

ADVANCED FIBREOPTIC ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

Advanced Fibreoptic Engineering Limited is a company limited by shares and incorporated in England and Wales. The registered office is Unit 2 & 3 Glebe Court, West Oxfordshire Business Park, Carterton, OX18 3FX. The principal activity of the Company in the year under review was that of the design, development and manufacture of specialist fibreoptic components and assemblies.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

At the balance sheet date the Company had net assets of £2,727,923 (2019: £2,471,573) which includes net current assets of £2,224,363 (2019: £1,996,146) having made a profit before tax in the year of £525,417 (2019: £947,806). The directors have considered available capital and the impact of COVID-19 on future performance and believe it is appropriate to prepare the financial statements on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pounds sterling rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 Development costs

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on a straight-line basis over the anticipated life of the benefits arising from the completed product or project which varies from 3-10 years.

2.11 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stocks. Cost is based on costs of materials.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using a combination of the reducing balance and the straight-line method..

Depreciation is provided on the following basis:

Plant & machinery	- 15% reducing balance
Motor vehicles	- 33% straight line
Fixtures & fittings	- 15% reducing balance / 33% straight line
Other Fixed Assets	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

ADVANCED FIBREOPTIC ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.17 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

The Company also enters into forward foreign exchange contracts which are not basic financial instruments. These are initially recognised at fair value on the date a forward contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for foreign exchange derivatives.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 46 (2019 - 41).

4. Intangible assets

	Know how £	Development £	Total £
Cost			
At 1 July 2019	20,000	447,004	467,004
Additions - internal	-	148,235	148,235
Disposals	(20,000)	(210,334)	(230,334)
At 30 June 2020	-	384,905	384,905
Amortisation			
At 1 July 2019	20,000	354,770	374,770
Charge for the year on owned assets	-	22,035	22,035
On disposals	(20,000)	(210,334)	(230,334)
At 30 June 2020	-	166,471	166,471
Net book value			
At 30 June 2020	-	218,434	218,434
At 30 June 2019	-	92,234	92,234

ADVANCED FIBREOPTIC ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4. Intangible assets (continued)

5. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Other fixed assets £	Total £
Cost or valuation					
At 1 July 2019	628,375	26,289	702,267	79,851	1,436,782
Additions	49,793	-	17,632	-	67,425
At 30 June 2020	<u>678,168</u>	<u>26,289</u>	<u>719,899</u>	<u>79,851</u>	<u>1,504,207</u>
Depreciation					
At 1 July 2019	432,336	1,386	292,258	2,218	728,198
Charge for the year on owned assets	43,109	3,736	83,122	26,614	156,581
At 30 June 2020	<u>475,445</u>	<u>5,122</u>	<u>375,380</u>	<u>28,832</u>	<u>884,779</u>
Net book value					
At 30 June 2020	<u>202,723</u>	<u>21,167</u>	<u>344,519</u>	<u>51,019</u>	<u>619,428</u>
At 30 June 2019	<u>196,039</u>	<u>24,903</u>	<u>410,009</u>	<u>77,633</u>	<u>708,584</u>

6. Stocks

	2020 £	2019 £
Raw materials and consumables	831,424	509,866
Work in progress (goods to be sold)	114,267	178,535
Finished goods and goods for resale	36,196	86,762
	<u>981,887</u>	<u>775,163</u>

The carrying value of stocks are stated net of impairment losses totalling £60,173 (2019 - £19,473) . Impairment losses totalling £60,173 (2019 - £19,473) were recognised in profit and loss.

ADVANCED FIBREOPTIC ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Debtors

	2020	2019
	£	£
Trade debtors	1,100,312	1,352,729
Other debtors	151,804	117,582
Prepayments and accrued income	84,634	63,596
	<u>1,336,750</u>	<u>1,533,907</u>

8. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	648,047	614,292
	<u>648,047</u>	<u>614,292</u>

9. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	450,249	531,588
Corporation tax	67,404	89,824
Other taxation and social security	41,592	40,243
Other creditors	6,032	7,535
Accruals and deferred income	177,044	258,026
	<u>742,321</u>	<u>927,216</u>

ADVANCED FIBREOPTIC ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Deferred taxation

	2020 £
At beginning of year	(117,882)
Charged to profit or loss	(8,911)
At end of year	<u>(126,793)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(119,306)	(110,165)
Short term timing differences	(7,487)	(7,717)
	<u>(126,793)</u>	<u>(117,882)</u>

11. Financial instruments

As at 30 June 2020, the Company was committed to the sale of foreign currency amounting to £546,015 (2019: £857,802).

12. Provisions

	Provisions £
At 1 July 2019	207,509
At 30 June 2020	<u>207,509</u>

The provision relates to an estimate of the costs for restoration, repair and redecoration of the Company's leased premises at the termination of the leases in accordance with the terms of the lease agreements.

13. Pension commitments

The Company operates a defined contribution scheme at a cost during the year to the Company of £82,518 (2019: £79,042) with outstanding at the year end £240 (2019: £11,616).

14. Related party transactions

During the year, the Company paid £200,000 (2019: £657,000) dividends to its parent company, Adfen Investments Limited.

ADVANCED FIBREOPTIC ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Post balance sheet events

Following the year end, the Company entered into an operating lease agreement. Total commitment for the new lease totals £212,520.

16. Controlling party

The ultimate parent undertaking is Adfen Investments Limited. The registered office is Units 2 & 3 Glebe Court, West Oxfordshire Business Park, Carterton, OX18 3FX. The Directors consider there is no one ultimate controlling party.

17. Auditor's information

The auditor's report on the financial statements for the year ended 30 June 2020 was unqualified.

The audit report was signed on 10 December 2020 by Sue Staunton MA FCA CF (Senior Statutory Auditor) on behalf of James Cowper Kreston.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.